

Exhibit 300 (BY2008)

PART ONE	
OVERVIEW	
1. Date of Submission:	2006-11-07
2. Agency:	015
3. Bureau:	45
4. Investment Name:	Excise Files Information Retrieval System (ExFIRS) - Major
5. UPI:	015-45-01-12-01-2464-00
6. What kind of investment will this be in FY2008?	
Mixed Life Cycle	
7. What was the first budget year this investment was submitted to OMB?	
FY2008	
8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.	
<p>This investment has existed since 1999 after it was created by Congressional mandate in response to schemes by organized crime syndicates to evade motor fuel excise tax payments. It is only now joining the Capital Planning & Investment Control (CPIC) review process as a 'Major' IT initiative. Per an Oct. 2005 audit by the Treasury Inspector General for Tax Admin. (TIGTA), budget control of the investment was transferred from IRS Small Business/Self-Employed (SB?SE) to IRS Modernization & Information Technology Services (MITS), so the investment now has project offices in both SB/SE & MITS. It consists of the following five primary 'subsystems' (applications) that share an Operational Database (ODB) & Data Warehouse (DW). These subsystems support the collection/administration of motor fuel excise taxes & produce management reports used for tax compliance analysis, resource utilization, & issue coordination between Federal & State jurisdictions. Funding is provided per Congressional mandate from the Highway Trust Fund (HTF) of the Federal. Highway Administration of the United States Department Of Transportation (DOT), and the motor fuel excise tax proceeds provide funding for HTF in return: -- Excise Fuel Online Network (EXFON), a case processing & tracking application used by IRS Fuel Compliance Officers (FCO) and that allows for 'disconnected users'. Excise Summary Terminal Activity Reporting System (EXSTARS) handles monthly information returns on fuel usage & distribution that are filed electronically by the fuel industry & feeds them into the ODB & DW so they can be matched against excise tax returns (Form 720); its information is available to non-IRS users like States. The Excise Tax Agent Center (EXTAC) is used by Revenue Agents. The Excise Tax Registration Authentication System (EXTRAS) is a database providing centralized data entry, monitoring and reporting in a tax free/reimbursement program, with registrants buying goods tax-free but paying the taxes when the goods are re-sold. The Excise Tax On-Line Exchange (EXTOLE) is a repository for State records of contact & enforcement information that is available to all States & the IRS via disclosure agreements. The main Development, Modernization or Enhancement (DME) goal is to move this investment to the IRS Infrastructure which will require re-writes of some applications. One reason is that existing servers lose manufacturer support after December. 2007. Unsupported workstation applications will be replaced during re-writes. Investment stakeholders will be consulted frequently. A signed Memorandum Of Understanding (MOU) between the Internal Revenue Service (IRS) and United States Department Of Transportation (DOT) is in place.</p>	
9. Did the Agency's Executive/Investment Committee approve this request?	
yes	
9.a. If "yes," what was the date of this approval?	
2006-08-09	
10. Did the Project Manager review this Exhibit?	
yes	
11. Project Manager Name:	
Hawley-Ferguson, Andrea D.	
Project Manager Phone:	
202-283-3082	
Project Manager Email:	
Andrea.D.Hawley-Ferguson@IRS.Gov	

12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.	
no	
12.a. Will this investment include electronic assets (including computers)?	
yes	
13. Does this investment support one of the PMA initiatives?	
yes	
If yes, select the initiatives that apply:	
Expanded E-Government	
Financial Performance	
13.a. Briefly describe how this asset directly supports the identified initiative(s)?	
Monthly returns from filers are sent via electronic forms, with data fed into data mining process that identifies potential noncompliance. For this, the investment is moving to the more efficient Electronic Data Interchange (EDI) 4030 protocol. The Excise Tax e-File & Compliance (ETEC) office (UPI # 015-45-01-01-00-2462-00-315-180) is creating new electronic forms for the investment. The Excise Summary Terminal Activity Reporting System (ExSTARS) and Excise Tax On-Line Exchange (EXTOLE) subsystems contain web-based transactions. The Excise Fuel Online Network (ExFON) subsystem is being re-written and will be integrated into data mining.	
14. Does this investment support a program assessed using OMB's Program Assessment Rating Tool (PART)?	
no	
15. Is this investment for information technology (See section 53 for definition)?	
yes	
16. What is the level of the IT Project (per CIO Council's PM Guidance)?	
Level 2	
17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)	
(1) Project manager has been validated as qualified for this investment	
18. Is this investment identified as high risk on the Q4 - FY 2006 agency high risk report (per OMB's high risk memo)?	
yes	
19. Is this a financial management system?	
no	
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)	
Hardware	3
Software	2
Services	95
21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?	
n/a	
22. Contact information of individual responsible for privacy related questions.	
Name	
Susan Dennis	
Phone Number	
202-622-5438	
Title	
Management and Program Analyst, Privacy Operations, Office of Privacy	
Email	
susan.dennis@irs.gov	

23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?

yes

SUMMARY OF SPEND

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)

	PY-1 & Earlier	PY	CY
	-2005	2006	2007
Planning Budgetary Resources	0.000	0.000	0.000
Acquisition Budgetary Resources	0.000	0.000	0.751
Maintenance Budgetary Resources	0.000	0.000	5.201
Government FTE Cost	0.000	0.000	0.583
# of FTEs	0	0	5

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

no

3. If the summary of spending has changed from the FY2007 President's budget request, briefly explain those changes.

NA -- this investment was not previously involved in the Capital Planning & Investment Control (CPIC)

PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Table 1

	Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)
1	2005	Treasury Strategic Goal: Ensure Professionalism, Excellence, and	Increase by 50 the number of non-compliance cases that were	During the normal process of targeting compliance resources, cases of non-	Progress will be measured by counting the number of	The number of non-compliance cases identified in FY2005 was at

		Integrity & Accountability in the Management & Conduct of the Dept. of Treasury. IRS Strategic Goal: Modernize the IRS Through its People, Processes & Technology	identified in FY2004.	compliance are constantly uncovered and identified. Summary totals are usually delayed.	identified non-compliance cases .	least 50 more than the number identified in FY2004.
2	2005	Treasury Strategic Goal: Ensure Professionalism, Excellence, and Integrity & Accountability in the Management & Conduct of the Dept. of Treasury. IRS Strategic Goal: Modernize the IRS Through its People, Processes & Technology	Increase by 10% the number of tax fraud cases that were identified in FY2004.	During the normal process of identifying and prioritizing possible tax fraud cases, new cases of tax fraud are frequently uncovered. Summary totals are usually delayed.	Progress will be measured by counting the number of identified tax fraud cases .	The number of tax fraud cases identified in FY2005 was at least 10% more than the number identified in FY2004.
3	2006	Treasury Strategic Goal: Ensure Professionalism, Excellence, and Integrity & Accountability in the Management & Conduct of the Department Of Treasury. IRS Strategic Goal: Modernize the IRS Through its People, Processes & Technology	Increase by 50 the number of non-compliance cases that were identified in FY2005.	During the normal process of targeting compliance resources, cases of non-compliance are constantly uncovered and identified. Summary totals are usually delayed.	Progress will be measured by counting the number of identified non-compliance cases .	The number of non-compliance cases identified in FY2006 was at least 50 more than the number identified in FY2005.
4	2006	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Improve Taxpayer Service	Increase by at least 50% the number of large companies that file their returns electronically instead of filing paper returns.	Large motor fuel industry companies (those with 25 or more transactions) must file Forms 720TO & 720CS returns electronically to Excise Summary Terminal Activity Reporting System (ExSTARS) monthly, but many still file paper returns. The baseline 2005 total is not yet known.	Progress will be measured by tracking the percentage of large industry filers who file electronically. Measured results will meet or exceed the goal.	- The Small Business/Self-Employed (SB/SE) Excise Files Information Retrieval System (ExFIRS) Project Office has an aggressive outreach program underway to encourage large motor fuel industry companies to file electronically. Companies that do not comply can be assessed penalties.
5	2006	Treasury Strategic Goal: Ensure Professionalism, Excellence, and	Start providing RA managers with their own version of Excise	Managers of Revenue Agents who use the ExFIRS application called ' Excise Tax	Progress will be measured by counting the number of	Seven to eight managers are currently using Excise Tax Agent

		Integrity & Accountability in the Management & Conduct of the Dept. of Treasury. IRS Strategic Goal: Modernize the IRS Through its People, Processes & Technology	Tax Agent Center (ExTAC) called 'ExTAC GM' by the end of FY2006. ExTAC GM will allow managers to work with cases electronically instead of manually.	Agent Center (ExTAC) do not have their own version of ExTAC and must manually work on and classify cases, a process that often requires an Agent to print an entire case.	managers who are provided with ExTAC GM and who are trained on how to use it.	Center (ExTAC) GM in a prototype scenario with further deployment scheduled for later in FY2006. Manager training for ExTAC GM began in the 3rd Quarter FY2006.
6	2007	Treasury Strategic Goal: Ensure Professionalism, Excellence, and Integrity & Accountability in the Management & Conduct of the Dept. of Treasury. IRS Strategic Goal: Modernize the IRS Through its People, Processes & Technology	Increase by 50 the number of non-compliance cases that were identified in FY2006.	During the normal process of targeting compliance resources, cases of non-compliance are constantly uncovered and identified. Summary totals are usually delayed.	Progress will be measured by counting the number of identified non-compliance cases .	
7	2007	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Improve Taxpayer Service	Have 99% of these large companies file their returns electronically instead of filing paper returns (the real goal is to get 100% of the large companies to do it, of course, but a few might balk).	Large motor fuel industry companies (those with 25 or more transactions) must file Forms 720TO & 720CS returns electronically to Excise Summary Terminal Activity Reporting System (ExSTARS) monthly, but many still file paper returns. The baseline 2005 total is not yet known.	Progress will be measured by tracking the percentage of industry filers who file electronically. Measured results will meet the goal (but can't 'exceed' it because the goal is 100%!).	

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov.

Table 2

Fiscal Year	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
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EA

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

yes

2. Is this investment included in the agency's EA Transition Strategy?

yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

'Excise Files Information Retrieval System (ExFIRS)' per next release of Treasury Enterprise Architecture (EA) Transition Strategy. The investment passed the SELECT process and is submitting initial architecture information with this Exhibit 300. The investment's transition to the IRS Infrastructure should align it with the 'EA-driven controls & best practices' standard of Treasury's 'Enterprise-wide Initiatives'. The investment aligns with the 'E-Government Expanding Electronic Tax Products for Businesses' initiative for Taxation Management Line Of Business (LOB).

3. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %
1	Information Retrieval	Allow access to data and information for use by an organization and its stakeholders.	Knowledge Management	Information Retrieval			No Reuse	5
2	Information Sharing	Support the use of documents and data in a multi-user environment for use by an organization and its stakeholders.	Knowledge Management	Information Sharing			No Reuse	0
3	Categorization	Allow classification of data and information into specific layers or types to support an organization.	Knowledge Management	Categorization			No Reuse	0
4	Knowledge Distribution and Delivery	Support the transfer of knowledge to the end customer.	Knowledge Management	Knowledge Distribution and Delivery			No Reuse	0
5	Modeling	Develop	Knowledge	Modeling			No Reuse	0

		descriptions to adequately explain relevant data for the purpose of prediction, pattern detection, exploration or general organization of data.	Discovery					
6	Data Exchange	Support the interchange of information between multiple systems or applications; includes verification that transmitted data was received unaltered.	Data Management	Data Exchange			No Reuse	10
7	Data Mart	Support a subset of a data warehouse for a single department or function within an organization.	Data Management	Data Mart			No Reuse	10
8	Data Warehouse	Support the archiving and storage of large volumes of data.	Data Management	Data Warehouse			No Reuse	15
9	Document Library	Support the grouping and archiving of files and records on a server.	Collaboration	Document Library			No Reuse	20
10	Process Tracking	Allow the monitoring of activities within the business cycle.	Tracking and Workflow	Process Tracking			No Reuse	0
11	Instrumentation and Testing	Support the validation of application or system capabilities and requirements.	Development and Integration	Instrumentation and Testing			No Reuse	0
12	Software Development	Support the creation of both graphical and process application and system software.	Development and Integration	Software Development			No Reuse	20

13	Enterprise Application Integration	Support the redesigning of disparate information systems into one system that uses a common set of data structures and rules.	Development and Integration	Enterprise Application Integration			No Reuse	20
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4. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Process Tracking	Service Access and Delivery	Access Channels	Other Electronic Channels	Drop Box technology for system-to-system data exchange involving online database-data warehouse
2	Knowledge Distribution and Delivery	Service Access and Delivery	Delivery Channels	Internet	Enterprise Remote Access Program (ERAP)
3	Knowledge Distribution and Delivery	Service Access and Delivery	Delivery Channels	Intranet	IRS Intranet used by IRS Fuel Compliance Officers (FCO) & RA employees
4	Knowledge Distribution and Delivery	Service Access and Delivery	Delivery Channels	Virtual Private Network (VPN)	Enterprise Remote Access Program (ERAP)
5	Information Retrieval	Service Access and Delivery	Service Requirements	Legislative / Compliance	Section 508; Security policy, procedures
6	Data Exchange	Service Platform and Infrastructure	Support Platforms	Platform Independent	J2EE, .NET, Web Methods
7	Data Exchange	Service Platform and Infrastructure	Support Platforms	Platform Dependent	.NET, J2EE
8	Enterprise Application Integration	Service Platform and Infrastructure	Software Engineering	Integrated Development Environment	Web Sphere Studio (J2EE), Visual Studio.NET
9	Software Development	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	Version Management, Defect Tracking, Change Management, Deployment Management, Requirements Management & Traceability
10	Instrumentation and Testing	Service Platform and Infrastructure	Software Engineering	Test Management	Functional Testing, Usability Testing (508 Testing), Performance Profiling, Load/Stress/Volume Testing, Security & Access Control Testing, Reliability Testing, Configuration Testing, Installation Testing
11	Document Library	Service Platform	Database /	Database	Oracle, Microsoft SQL Server

		and Infrastructure	Storage		
12	Data Exchange	Service Platform and Infrastructure	Hardware / Infrastructure	Servers / Computers	Enterprise Server
13	Information Retrieval	Component Framework	Presentation / Interface	Static Display	Hypertext Markup Language (HTML)
14	Software Development	Component Framework	Presentation / Interface	Dynamic Server-Side Display	JSP (J2EE), ASP (Microsoft)
15	Software Development	Component Framework	Business Logic	Platform Dependent	C-Sharp (C#)
16	Data Exchange	Component Framework	Data Interchange	Data Exchange	Electronic Business using Extensible Markup Language (XML) (be-XML)
17	Data Warehouse	Component Framework	Data Management	Database Connectivity	Microsoft OLE/DB
18	Modeling	Component Framework	Data Management	Reporting and Analysis	Online Analytical Processing (OLAP); Extensible Markup Language (XML) for Analysis
19	Information Sharing	Service Interface and Integration	Interoperability	Data Format / Classification	Extensible Markup Language (XML), Electronic Data Interchange (EDI)
20	Categorization	Service Interface and Integration	Interoperability	Data Types / Validation	Extensible Markup Language (XML) Schema
21	Data Mart	Service Interface and Integration	Interface	Service Description / Interface	API

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

no

5.a. If yes, please describe.

No, the ExFIRS application will not leverage existing components and/or applications across the government (i.e., FirstGov, Pay.Gov).

6. Does this investment provide the public with access to a government automated information system?

no

PART TWO

RISK

You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

Answer the following questions to describe how you are managing investment risks.

1. Does the investment have a Risk Management Plan?

yes

1.a. If yes, what is the date of the plan?

2006-10-19

1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

no

1.c. If yes, describe any significant changes:

This investment did not have a submission to Office of Management and Budget (OMB) last year. This investment is a brand new 'Major' investment. Its current Risk Management Plan focuses on risks associated with its Development, Modernization or Enhancement (DME) goal of transitioning to the Internal Revenue Service (IRS) Infrastructure, such as schedule, funding, and scheduled manufacturer de-support of its servers.

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule: (O&M investments do NOT need to answer.)

The life-cycle costs are risk-adjusted in that the Division Budget Analyst attempts to submit risk-adjusted costs into the annual budget process; also, \$.300M has been added to BY2008 ('Acquisition -Budgetary Resources' in the Summary of Spending) due to the fact that the following two identified risks remain at a Medium risk level even if their mitigating strategies are followed: 'Initial Costs' and 'Technical Obsolescence'.

COST & SCHEDULE

Does the earned value management system meet the criteria in ANSI/EIA Standard 748?

no

What costs are included in the reported Cost/Schedule Performance information?

Contractor and Government

2.e. As of date:

2006-06-30

7.c. If yes, what corrective actions are being taken?

8. Have any significant changes been made to the baseline during the past fiscal year?

no